



MEMBER FDIC

2005 SEP -6 AM 10:11

August 30, 2005

FDIC San Francisco Regional Office
Attn: John F. Carter
25 Jessie St. at Ecker Square, Suite #2300
San Francisco, CA 94105

Re: Wal-Mart application for banking

Dear Mr. Carter,

I see that for the fourth time, Wal-Mart is attempting to acquire and begin operations of a bank, using a loophole in Utah, to have an 'industrial loan company.' They say their bank will have a limited function, but obviously once they have a charter, they can change their business plans at any time.

The U.S. is filled with communities, containing a large Wal-Mart Super Center and many vacant commercial buildings. Wal-Mart has very effectively grown to be the dominant retailer in the country. Perhaps the consumer has benefited, they have voted with their dollars, but many local businesses and larger retailers have failed in their efforts to compete with Wal-Mart.

Why does Wal-Mart see the need to end the separation of banking and commerce? This long standing principle was established to provide safety for the banking system and the federal insurance funds.

Banks have never been allowed to enter retail sales businesses. Why should the world's largest retailer be allowed to enter the banking business?

Imagine trying to regulate their 'community reinvestment act' compliance. Will Wal-Mart provide financing to low and moderate income households, or will they simply offer them 'credit cards' that will most likely be used to buy more from Wal-Mart.

Imagine who will make commercial, agricultural and small business loans, with Wal-Mart having siphoned off deposit market share in the same way they have gained retail market share.

Wal-Mart has endless resources of money and lawyers, and will doubtless continue to make applications to enter the banking business. The FDIC should make a strong statement and 'just say no.'

Sincerely,

Fred L. Drake
President